

EUROPEAN ECONOMY

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Economic trends
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*In this number :
Reports on the borrowing
and lending activities
of the Community in 1993*

INTRODUCTION

A. Annual report

*This report is drawn up **each year** in accordance with the Council Decisions establishing lending instruments for Euratom research⁽¹⁾ and for the New Community Instrument (NCI)⁽²⁾. In addition, the Parliament, in its Resolution on improving political monitoring of the Community's borrowing and lending activities⁽³⁾, called for the activities of the ECSC and the EIB to be included.*

In recent years, and in particular since the countries of Central and Eastern Europe began to move towards a market-economy system, the Community's financial activities have grown and diversified considerably. This path looks set to continue with the approval by the Council in 1993 of two new decisions granting a Community guarantee to EIB loans in third countries. The Decision of February⁽⁴⁾ refers to Latin American and Asian countries that have concluded cooperation agreements with the Community, and that of December⁽⁵⁾ concerns Central and Eastern European countries. Given the considerable growth of lending operations in third countries, the Council and Parliament have called for a new warning and disciplinary mechanism to be established to deal with the risk of default covered by the budget outside the Community. The proposal ⁽⁶⁾ presented by the Commission to this effect has been approved in principle by the Council in September 1993 and is expected to be adopted in the course of 1994.

The Edinburgh lending facility adopted by the European Council in 1992 was increased and extended at the Copenhagen and Brussels European Councils of June and October 1993. The duration of the facility extends now beyond 1994 and includes ECU 7 billion for the financing of capital infrastructure projects notably connected with trans-European networks and an additional ECU 1 billion carrying interest subsidies to strengthen the competitiveness of European small and medium-sized enterprises.

- (1) Article 4 of Decision 77/270/Euratom; OJ No. L 88 of 6 April 1977
- (2) Article 6 of Decision 78/870/EEC; OJ No. L 298 of 25 October 1978
- Article 6 of Decision 82/169/EEC; OJ No. L 78 of 24 March 1982
- Article 7 of Decision 83/200/EEC; OJ No. L 112 of 28 April 1983
- Article 9 of Decision 87/182/EEC; OJ No. L 71 of 14 March 1987
- Article 7 of Decision 81/19/EEC; OJ No. L 37 of 10 February 1981
- Article 7 of Decision 81/1013/EEC; OJ No. L 367 of 23 December 1981
- (3) Doc. PE/67134 of 5 March 1981; OJ No. C 287 of 9 November 1981
- (4) Council Decision 93/115/EEC; OJ No. L 45 of 23 February 1993
- (5) Council Decision 93/696/EC; OJ No. L 321 of 23 December 1993
- (6) Doc. COM(93)20 modified by COM(93)706

As regards the European Investment Fund (EIF)⁽¹⁾, an initiative adopted by the European Council of Edinburgh, the ratification procedures of the Treaty of Rome by Member States to empower the EIB to create the Fund have been completed in June 1994.

The development and diversification of the Community's financial instruments have led the Council and the Parliament to ask the Commission to provide also the fullest information possible on the new activities.

The present annual report, covering 1993, is the Commission's fourteenth and is intended to meet this need to provide regular information.

B. Half-yearly report

*With a view to ensuring that borrowings designed to promote investment within the Community are continuously monitored, the 1983 and 1987. Decisions concerning the NCI also provide for the Commission to inform Parliament and the Council **every six months** about the rate of utilization of the NCI borrowing tranches. Part B of this document therefore provides an account of NCI activities over the period from 1 July to 31 December 1993.*

A. THE COMMISSION'S ANNUAL REPORT TO THE COUNCIL AND TO THE PARLIAMENT ON THE BORROWING AND LENDING ACTIVITIES OF THE COMMUNITY IN 1993

1. COMMUNITY BORROWING

1.1. In order to attain its **internal objectives**, the Community is empowered to borrow funds on the capital market. These borrowings are intended to finance loans for Member States in balance-of-payments difficulties (ceiling of ECU 14 billion), for research and financing in connection with nuclear power stations (current Euratom ceiling of ECU 4 billion), for encouraging investment in the Community under the NCI (current ceiling of ECU 6.8 billion) and, under the ECSC Treaty, for promoting productive capacity or conversion projects in the coal and steel industries.

On the basis of the **agreements concluded with non-Community countries**, the Commission is empowered to borrow to finance programmes of financial assistance for the countries of Central and Eastern Europe, for the African, Caribbean and Pacific (ACP) countries and for measures adopted pursuant to the Mediterranean protocols.

However, the bulk of the borrowing is undertaken by the **European Investment Bank (EIB)** for loans for investment projects in the Community meeting the objectives assigned to the Bank by the Treaties and for the projects undertaken outside the Community in support of development cooperation policy.

1.2. The volume of **borrowing** on the market by the Community institutions in 1993 rose to a new height of ECU 20.1 billion, an increase of 28 % compared with the previous year (table 1). This rise is mainly due to the EIB activities and to balance-of-payments operations. The Community's share of borrowing in the OECD area fell for the third consecutive year, although less sharply than ecu-denominated issues, which were hit harder by the troubles of the European Monetary System.

Taking account of redemptions and cancellations, the amount of borrowing outstanding at 31 December 1993 was ECU 94.4 billion compared with ECU 83.8 billion in 1992 (see table 2 in Annex).

Table 1 provides a breakdown of borrowing by institution and currency. New EC issues continued their rapid expansion passing from ECU 1.2 billion in 1992 to ECU 5 billion in 1993 reflecting the Community's new financial support programmes, particularly in Central and Eastern Europe and in the Mediterranean area. Borrowing by the EIB also increased during 1993 totalling ECU 14.2 billion, as against ECU 13 billion in the previous year. This was not the case however of the ECSC issues whose volume dropped to ECU 0.9 billion.

The breakdown by currency of borrowing in the OECD area shows a sharp fall in the volume of issues denominated in ECU. In the currency breakdown of Community borrowings (see table 3 in Annex), the ECU holds the first place followed by the pound sterling and the Deutsche Mark. Issues in currencies previously less used such as the Spanish peseta, Portuguese escudo and Irish punt continued to grow in 1993.

2. LENDING WITHIN THE COMMUNITY

2.1. The economic activity in the Community was in recession in 1993, but the trough seemed to have already been reached during the second half. For the year as a whole, the Community GDP is estimated to have contracted by 0.3 %. With the exception of the UK, where growth is estimated at 1.9 %, the economic activity in the Member States deteriorated sharply, notably in Western Germany (-1.2 %). High interest rates and consumer confidence being depressed by the continuing rise in unemployment contributed to the fall in demand. In this context, investment, as measured by GFCF, fell in the Community as a whole (-5.0 %); the most marked falls were recorded in Italy (-11.1 %), Spain (-10.3 %) and France (-5.0 %).

Following the entry into force of the Treaty on European Union in November, the Member States expressed their resolve to use to the full the new possibilities offered by the Treaty to confront current problems and impart a further impetus to the Union. The European Council meeting in Brussels in December 1993 approved the Commission White Paper on growth, competitiveness and employment and adopted a short and medium term action plan to restore confidence in the economy and promote employment.

⁽¹⁾ Doc COM(93)3

TABLE 1 : Issues on the international market

(ECU billion)

| | 1986 | 1987 | 1988 | 1989 | 1990 | 1991 | 1992 | 1993 |
|--|-------|-------|-------|-------|-------|-------|-------|-------|
| 1. Community | 10,2 | 9,4 | 9,6 | 10,5 | 12,5 | 16,9 | 15,7 | 20,1 |
| of which: | | | | | | | | |
| 1.1. ECSC | 1,5 | 1,5 | 0,9 | 0,9 | 1,1 | 1,4 | 1,5 | 0,9 |
| 1.2. EC ^(a) | 1,4 | 1,5 | 0,9 | 0,5 | 0,4 | 1,7 | 1,2 | 5,0 |
| 1.3. Euratom | 0,5 | 0,9 | 0,1 | – | – | – | – | – |
| 1.4. EIB | 6,8 | 5,6 | 7,7 | 9,0 | 11,0 | 13,7 | 13,0 | 14,2 |
| 2. OECD countries^(b) | 182,7 | 115,8 | 151,2 | 193,1 | 141,5 | 208,3 | 212,7 | 337,0 |
| 3. Community share (1 as % of 2) | 5,6 | 8,1 | 6,3 | 5,4 | 8,8 | 8,1 | 7,4 | 6,0 |
| 4. International issues by currency | | | | | | | | |
| 4.1. US \$ ^(b) | 120,0 | 50,7 | 63,0 | 106,6 | 55,0 | 65,9 | 79,5 | 126,1 |
| 4.2. YEN ^(b) | 18,8 | 19,7 | 13,4 | 14,2 | 17,9 | 29,1 | 26,0 | 37,9 |
| 4.3. ECU | 7,2 | 6,5 | 9,5 | 11,4 | 14,1 | 26,0 | 17,1 | 6,1 |
| 4.4. US \$ as % of 2 | 65,7 | 43,8 | 41,7 | 55,2 | 38,9 | 31,6 | 37,4 | 37,4 |
| 4.5. Yen as % of 2 | 10,3 | 17,0 | 8,9 | 7,4 | 12,7 | 14,0 | 12,2 | 11,2 |
| 4.6. ECU as % of 2 | 3,9 | 5,6 | 6,3 | 5,9 | 10,0 | 12,5 | 8,0 | 1,8 |

^(a) NCI + balance of payments.

^(b) Calculations based on the yearly average exchange rate of the ecu.

Source: EC and OECD.

2.2. Despite the difficult economic situation, EIB activity in support of the internal objectives of the Community increased. In 1993 loans signed for projects in the Community totalled ECU 17.7 billion, compared with ECU 16.1 billion in 1992 (an increase of 9 %). Projects were financed in every Community Member State with the exception of Luxembourg. There was a marked increase in activity in Spain, Portugal and Germany where the growth in lending was partly attributable to the operations in the eastern Länder, as well as, to a lesser extent in the Netherlands, Greece, Denmark and Ireland (table 2).

In 1993 the EIB approved a series of financing operations under the Edinburgh lending facility for a total of ECU 4.6 billion in support of projects in the Community. In the

framework of this mechanism, loans for ECU 2.4 billion have been signed for communication, energy and environment infrastructures.

The EIB has contributed to the strengthening of the economic activity in the Community in different ways. Financing for regional development totalled ECU 12.5 billion or otherwise stated, about 75% of the total financing in 1993 related to projects located in the less favoured areas, particularly in those eligible for Community structural measures. The Bank in the context of the trans-European networks, has also reinforced the financing of infrastructures and equipment with ECU 7.8 billion for projects in the transport, telecommunication and energy sectors which contribute to the improvement of the links between the Community regions.

TABLE 2 : Structure of EIB lending (loan contracts signed) – Geographical distribution

| | 1987 | | 1991 | | 1992 | | 1993 | |
|----------------------------|-------------|-------|-------------|-------|-------------|-------|-------------|-------|
| | ECU million | % | ECU million | % | ECU million | % | ECU million | % |
| B | 37,1 | 0,5 | 115,6 | 0,8 | 396,6 | 2,3 | 371,6 | 1,9 |
| DK | 315,3 | 4,0 | 538,6 | 3,5 | 690,8 | 4,1 | 875,5 | 4,5 |
| D | 276,5 | 3,5 | 1 300,1 | 8,4 | 1 663,9 | 9,8 | 2 096,6 | 10,7 |
| GR | 164,8 | 2,1 | 366,9 | 2,4 | 377,5 | 2,2 | 511,1 | 2,6 |
| E | 707,4 | 9,0 | 2 342,5 | 15,2 | 3 020,6 | 17,7 | 4 005,1 | 20,4 |
| F | 1 006,5 | 12,8 | 1 924,4 | 12,5 | 1 895,1 | 11,1 | 2 205,5 | 11,2 |
| IRL | 178,6 | 2,3 | 237,0 | 1,5 | 303,5 | 1,8 | 388,2 | 2,0 |
| I | 3 112,2 | 39,7 | 4 000,7 | 26,0 | 3 796,9 | 22,3 | 3 362,0 | 17,1 |
| L | 1,6 | 0,0 | 28,6 | 0,2 | 42,8 | 0,3 | – | – |
| NL | 18,0 | 0,2 | 175,4 | 1,1 | 154,4 | 0,9 | 379,7 | 1,9 |
| P | 389,9 | 5,0 | 1 002,1 | 6,5 | 1 230,4 | 7,3 | 1 488,8 | 7,6 |
| UK | 1 133,7 | 14,5 | 2 145,0 | 13,9 | 2 407,2 | 14,1 | 1 929,1 | 9,8 |
| Other (Article 18) | 108,7 | 1,4 | 300,4 | 2,0 | 159,7 | 0,9 | 111,0 | 0,6 |
| EUR | 7 450,3 | 95,0 | 14 477,3 | 94,0 | 16 139,7 | 94,8 | 17 724,2 | 90,4 |
| ACP-OCT | 349,4 | 4,5 | 389,5 | 2,5 | 252,0 | 1,4 | 225,7 | 1,2 |
| Mediterranean | 42,8 | 0,5 | 241,5 | 1,6 | 320,8 | 1,9 | 680,5 | 3,5 |
| CEEC | – | – | 285,0 | 1,9 | 320,0 | 1,9 | 882,0 | 4,5 |
| Latin America, Asia | – | – | – | – | – | – | 99,0 | 0,5 |
| Non-Community total | 392,2 | 5,0 | 916,0 | 6,0 | 892,8 | 5,2 | 1 887,2 | 9,6 |
| TOTAL LOANS SIGNED | 7 842,5 | 100,0 | 15 393,3 | 100,0 | 17 032,5 | 100,0 | 19 611,4 | 100,0 |

Likewise, the EIB has provided financial assistance for projects designed to protect the environment and to improve urban living conditions (ECU 4.4 billion) and to those directed to promote diversification of energy supplies in the Community and to the optimal management of resources (2.6 billion half of which were spent on networks).

Finally, in the financing made available to the productive sectors (ECU 2.7 billion), the EIB attached importance to the strengthening of the international competitiveness of the Community industry as well as to the development of the small and medium-sized firms.

2.3. ECSC lending totalled ECU 918.3 million in 1993, a decrease of 38.2% on 1992.

This decrease in the volume of lending is basically explained by the economic recession experienced in the Member States (table 3). The strong contraction of productive investments resulted in a reduction in the number of re-conversion loans (Art. 56).

In the field of ECSC activity, the restructuration of the steel and coal industries continued its progress. Consequently, and with the notable exception of Italy as regards steel consumption, the volume of industrial loans in 1993 was particularly low (Art. 54).

2.4. As regards NCI activities, it should be noted that no new operations have been undertaken since 1991 (table 4).

2.5. The facility providing medium-term financial assistance for Member States' balances of payments was ac-

tivated in 1993 in favour of Italy. Following a request from that Member State for financial assistance to support its balance of payments and its programme of economic adjustment and reforms, the Council granted a loan of ECU 8 billion to be disbursed in four tranches (Council Decision 93/67/EEC of 18 January 1993). The first two tranches of ECU 2 billion each were contracted and paid to Italy in March and November 1993 respectively. The other two tranches should be paid during 1994 and 1995 provided that economic conditions are met.

Taking into account earlier loans and repayments made, the total amount of loans outstanding under this facility stood at ECU 5.2 billion at 31 December 1993, the authorized ceiling being ECU 14 billion through capital market financing.

TABLE 3 : ECSC loans in 1993

(1000 ECU)

| | Article 54 | Article 56 | Housing | Total |
|--------------|------------|------------|----------|-----------|
| I | 101 146,9 | 22 117,8 | 3 344,7 | 126 609,4 |
| F | — | 390 856,5 | 894,5 | 391 751,0 |
| GR | 89 632,2 | — | 156,9 | 89 789,1 |
| P | — | — | 279,1 | 279,1 |
| NL | — | — | — | — |
| D | — | 217 899,5 | 7 370,8 | 225 270,3 |
| UK | 26 486,3 | 44 900,8 | — | 71 387,1 |
| E | — | 377,5 | 723,9 | 1 101,4 |
| B | — | 11 946,3 | 30,0 | 11 976,3 |
| L | — | — | 119,2 | 119,2 |
| IRL | — | — | — | — |
| Total | 217 265,4 | 688 098,4 | 12 919,1 | 918 282,9 |

TABLE 4 : NCI loans at 31 December 1993

(ECU million)

| Financial agreements | NCI I | Reconstr. Italy | Reconstr. Greece | NCI II | NCI III | NCI IV | TOTAL |
|----------------------------------|---------|-----------------|------------------|---------|---------|--------|---------|
| Global loans (*) | — | — | — | 406,7 | 2 138,0 | 692,5 | 3 237,3 |
| Productive sector (*) | 5,4 | — | — | 10,6 | — | — | 15,9 |
| Infrastructure | 538,5 | 598,7 | 80,0 | 279,4 | 465,3 | — | 1 961,9 |
| Energy | 446,7 | — | — | 300,8 | 258,3 | — | 1 005,8 |
| Total contracts signed, net (**) | 990,5 | 598,7 | 80,0 | 997,5 | 2 861,6 | 692,5 | 6 220,8 |
| EIB loans (own resources) | — | 351,6 | — | — | — | — | 351,6 |
| Authorized ceilings | 1 000,0 | 1 000,0 | 80,0 | 1 000,0 | 3 000,0 | 750,0 | 6 830,0 |
| Balance | 9,5 | 49,7 | 0 | 2,5 | 138,4 | 57,5 | 257,6 |

(*) Industry and agriculture.

(**) Contracts signed less cancellations.

3. LENDING OUTSIDE THE COMMUNITY

This activity involves those countries with which the Community has concluded cooperation agreements. A substantial volume of resources is being provided in forms appropriate to the specific circumstances of the countries in question (table 5).

3.1. In the context of the support for the adjustment and reform programs of the Central and Eastern European countries (CEEC), the Community continued to provide the macro-economic assistance it grants in the form of **balance-of-payments and structural adjustment support**

loans in the framework of G-24 to complement the IMF programmes.

During 1993, the actual disbursements corresponding to loans previously decided amounted to ECU 270 million (Hungary: 80 million; Rumania: 80 million; Baltic States: 110 million). No new loans have been decided in 1993.

3.2. In 1993, the Commission continued with the implementation of the Council Decision of December 1991 relative to the commercial credit facility of ECU 1,250 million in favour of the new independent states of the former USSR (CIS).

Credits of ECU 20 and 50 million have been agreed for Armenia and Georgia respectively. This operation takes the total amount of credits agreed in the framework of the facility to ECU 1,093 million and leaves, at the end of the year, ECU 157 million for further funding.

TABLE 5 : **Financing outside the Community in 1993**
(ECU million)

| | EC and EDF budgetary resources (1) | EIB own resources | Financial support for countries | Total |
|---------------------|--|----------------------|---------------------------------------|---------|
| ACP-OCT | 78,3 | 147,4 | — | 225,7 |
| Mediterranean basin | 1,5 | 679,0 | — | 680,5 |
| CEEC | — | 882,0 | 270,0 ⁽²⁾ | 1 152,0 |
| CIS | — | — | 70,0 ⁽³⁾ | 70,0 |
| Latin America, Asia | — | 99,0 | — | 99,0 |
| Total | 79,8 | 1 807,4 | 340,0 | 2 227,2 |

(1) Granted and managed by the EIB out of the budgetary resources of the EC or the European Development Fund (EDF).
(2) Balance-of-payments loans granted and managed by the Commission. Disbursement.
(3) Commercial credits

3.3. EIB financing outside the Community made available as part of the Community's cooperation policy with third countries amounted to ECU 1,887 million in 1993 (893 million in 1992), with ECU 1,807 million from own resources, all of which are guaranteed by the Member States or the Community budget, and ECU 80 million from budgetary resources. The marked increase in lending activity in 1993 is due mainly to the increase in the operations in Central and Eastern Europe as well as those in the Mediterranean basin. Also, for the first time, the Bank has been active in Latin America and Asia.

In the **African, Caribbean and Pacific (ACP)** countries and the **Overseas Countries and Territories (OCT)**, the EIB provided assistance amounting to ECU 225.7 million: ECU 147.4 million from own resources and carrying interest subsidies from budgetary funds and ECU 78.3 million of risk capital from budgetary resources under mandate from and on behalf of the Community (see Table 5). Loans for electricity generation, transport and distribution represented more than half of the total funding, followed by the industry and service sector, with emphasis on SME, with a third. Projects for water supply, sewerage infrastructure, transport and telecommunication accounted for the rest.

Lending in the countries of the **Mediterranean basin** totalled ECU 680.5 million compared to 320.8 million in 1992. Financing was provided mostly (460.5 million) under the Financial Protocols, but also as part of the non-protocol horizontal financial cooperation for the projects of regional cooperation and protection of the environment (220 million). Over one third of funding related to loans provided by the Bank in conjunction with Community enterprises. A large proportion of lending in these countries was directed to the efficient use of water resources for irrigation and domestic use and to ensure a more satisfactory wastewater collection and treatment.

In the **Central and Eastern European** countries (CEEC), lending amounted to ECU 882 million in 1993 (320 mil-

lion in 1992). Investments totalling ECU 830 million have been financed in Poland, Hungary, Czech and Slovak republics, Romania and Bulgaria, countries with which the cooperation agreements were concluded in 1990 and 1991. During the year, the EIB was active for the first time in Estonia and Slovenia. The loans advanced benefited basic infrastructure and contributed to the improvement of transport, telecommunication and power supply.

In February 1993, the Board of Governors of the EIB, responding to a request from the Council of Ministers gave authorization for financial assistance to be provided in those **Latin American and Asian** countries that have concluded cooperation agreements with the Community. Operations in these countries during 1993 came to ECU 99 million.

3.4. On 5 March 1990 the Community decided to make **ECSC loans** available for financing industrial investment projects in Poland and Hungary up to a ceiling of ECU 200 million. Since 1991 that decision has also applied to the Czech and Slovak Federal republics, Bulgaria and Romania.

These loans which are structural in nature, have not materialized mainly since the necessary economic conditions have yet to be met.

3.5. On 9 December 1992, the Commission adopted a proposal for a Council Decision to allow a substantial proportion of **Euratom's** available borrowing capacity to be used to help finance improvements in the efficiency and safety of the nuclear power stations in the CEEC and the CIS countries.

Following the European Parliament's opinion, the Council adopted the proposed decision in March 1994. A total of ECU 1.1 billion of Euratom loans could be granted under this facility.

3.6. The Community and the EIB are both shareholders and close partners of the EBRD. They work in close cooperation and match their resources: the Commission provides technical assistance backing for projects undertaken by the **EBRD**, while the EIB and the EBRD cofinance a number of projects in Central and Eastern Europe.

In 1993, the EBRD's Board approved 91 new projects in the CEEC and the former Soviet Union. Signed commitments amounted to ECU 1.8 billion, including equity investments worth ECU 211 million. Disbursements based on the lending and equity commitments totalled ECU 435 million.

4. BUDGETARY IMPACT OF LENDING

The Community's general budget is affected by lending activity where loans are accompanied by interest subsidies and/or budget guarantees.

4.1. Interest subsidies

Interest subsidies are granted in the Community in the following fields: (i) the industrial conversion of coal and steel areas (Article 56 of the ECSC Treaty); (ii) in the context of the reconstruction of the disaster-hit areas of Italy and Greece, where they are paid out by the EIB as borrowings are repaid (see table 7 in Annex).

Since 1992 industrial loans at reduced rates for investment projects designed to promote consumption of Community coal (Article 54, second paragraph) have practically ceased. With regard to the granting of subsidies for conversion loans in coal and steel areas (Article 56), in 1993 interest subsidies amounted to ECU 114.3m against ECU 106m the previous year (see table 7 in Annex).

The Copenhagen and Brussels European Councils of June and October 1993 increased by ECU 3 billion the temporary facility agreed in Edinburgh. Of these, ECU 1 billion would be for strengthening the competitiveness of European small and medium-sized enterprises and would carry interest rate subsidies.

Interest subsidies are also provided in the context of EIB loans outside the Community (see table 8 in Annex).

4.2. Budget guarantees

4.2.1. Coverage

All the outstanding borrowing contracted by the Community to finance loans managed by the Commission (Euratom, NIC, balance of payments) is guaranteed by the general budget.

With the exception of loans granted under Art. 18 (1) of the EIB's Statute the Bank's loans from own resources granted to non-Community countries in pursuit of the Community's policy of providing financial assistance for development are covered by a guarantee agreement. The guarantees are provided by Member States for loans in ACP countries and by the Community for those in Mediterranean, Central and Eastern European (CEEC) and other third countries.

Details of the Community budget guarantees provided in this connection are as follows:

- (i) EIB loans to Mediterranean countries: overall, 75% of the amount of loans contracted are covered by a Community guarantee.
At the end of 1993, outstanding loans totalled ECU 2,168 million of which ECU 572 million in Spain, Greece and Portugal (pre-accession) and ECU 1,596 million in non-member Mediterranean countries.
- (ii) EIB loans to the CEEC: loans contracted are fully covered by the Community guarantee. At 31 December 1993, the EIB had made available ECU 1,650 million in loans to these countries out of a total package of ECU 1.7 billion. At the end of 1993, the Community extended its guarantee to cover all EIB lending to the CEEC, including the Baltic States and Albania, and proposed a ceiling of ECU 3,000 million valid for a three year period.
- (iii) EIB loans to other third countries: loans granted to countries with which the Community has concluded cooperation

agreements are also fully covered by the Community guarantee. Loans in favour of these countries were decided in February 1993 for an amount of ECU 250 million a year for a three-year period. At the end of 1993, the loans signed amounted to ECU 99 million, but reached the ceiling of ECU 250 million by February 1994.

The Community decided in 1991 to provide a guarantee covering 98% of a bank loan to the former USSR up to a ceiling of ECU 500 million (ECU 406 million in capital) for import of agricultural and food products. In February 1992, this credit was allocated exclusively to Russia. The amount of outstanding loans at the end of 1993 totalled ECU 266 million.

4.2.2. Outstanding guarantees at 31 December 1993

At the end of 1993, the outstanding guarantees provided by the Community budget totalled more than ECU 14 billion, more than 37 % of which were for countries outside the Community (table 6). Compared with 1992, total outstanding guarantees have increased by ECU 3 billion. The proportion of commitments to non-Community countries has also continued to increase passing from 23,3% in 1991 to 37,5% at present.

The annual risk covered by the general budget, which concerns the repayment of the debt (principal and interest), stands at ECU 2,766 million in 1993.

At 31 December 1993, the amounts paid by the Community and not as yet reimbursed by the defaulting debtor countries stand at ECU 30,6 million. The countries concerned are some republics of ex-Yugoslavia and Tajikistan.

TABLE 6 : Capital outstanding on guaranteed operations
(at 31 Dec 1993) (ECU million)

| Operation | Amount ceiling | Amount outstanding at 31 Dec 1993 |
|--|----------------|-----------------------------------|
| <i>Member States</i> | 26 330 | 8 982 |
| A. Balance of payments | 14 000 | — |
| 1.1. Greece I | — | 200 |
| 1.2. Greece II | — | 1 000 |
| 1.3. Italy | — | 3 990 |
| B. Other | — | — |
| 1.4. Euratom | 4 000 | 1 018 |
| 1.5. NCI (including earthquake reconstr) | 6 830 | 2 202 |
| 1.6. EIB Mediterranean (E,GR,P) | 1 500 | 572 |
| <i>Non-Community countries</i> | 16 427 | 5 395 |
| A. Financial assistance | | |
| 1.7. Hungary | 1 050 | 790 |
| 1.8. Czech and Slovak Federal Republics | 375 | 375 |
| 1.9. Bulgaria | 400 | 290 |
| 1.10. Romania | 455 | 455 |
| 1.11. Algeria | 400 | 250 |
| 1.12. Israel | 160 | 160 |
| 1.13. Baltic States | 220 | 110 |
| 1.14. CIS | 1 250 | 803 |
| B. Other | | |
| 1.15. EIB Mediterranean (old protocols) | 6 167 | 1 596 |
| 1.16. EIB CEEC I | 1 700 | 300 |
| 1.17. EIB CEEC II | 3 000 | — |
| 1.18. EIB Latin America, Asia | 750 | — |
| 1.19. CIS guarantee | 500 | 266 |
| TOTAL | 42 757 | 14 377 |

STATISTICAL ANNEX

TABLE 1 : Trend of borrowing and lending in the Community – (ECU rate at year-end)

(ECU million)

| | 1983 | 1984 | 1985 | 1986 | 1987 | 1988 | 1989 | 1990 | 1991 | 1992 | 1993 |
|------------------------------------|--------|-------|-------|--------|-------|--------|--------|--------|--------|--------|--------|
| I. Borrowing | | | | | | | | | | | |
| ECSC | 750 | 822 | 1 265 | 1 517 | 1 487 | 880 | 913 | 1 086 | 1 446 | 1 474 | 908 |
| Balance of payments ⁽¹⁾ | 4 247 | — | — | 862 | 860 | — | — | 350 | 1 695 | 1 209 | 4 969 |
| Euratom | 369 | 214 | 344 | 488 | 853 | 93 | — | — | — | — | — |
| NCI | 1 617 | 967 | 860 | 541 | 611 | 945 | 522 | 76 | 49 | — | — |
| Total Commission | 6 938 | 2 003 | 2 469 | 3 408 | 3 811 | 1 918 | 1 435 | 1 512 | 3 190 | 2 683 | 5 877 |
| EIB ⁽²⁾ | 3 508 | 4 339 | 5 699 | 6 786 | 5 593 | 7 666 | 9 034 | 10 996 | 13 672 | 12 974 | 14 224 |
| Total EC | 10 941 | 6 342 | 8 168 | 10 194 | 9 404 | 9 584 | 10 469 | 12 508 | 16 862 | 15 657 | 20 101 |
| II. Lending | | | | | | | | | | | |
| ECSC | 778 | 825 | 1 010 | 1 069 | 969 | 908 | 700 | 993 | 1 382 | 1 486 | 918 |
| Balance of payments ⁽¹⁾ | 4 247 | — | — | 862 | 860 | — | — | 350 | 1 695 | 1 209 | 4 969 |
| Euratom | 366 | 186 | 211 | 443 | 314 | — | — | — | — | — | — |
| NCI | 1 200 | 1 182 | 884 | 393 | 425 | 357 | 78 | 24 | 39 | 9 | 30 |
| Total Commission | 6 591 | 2 193 | 2 105 | 2 767 | 2 568 | 1 265 | 778 | 1 367 | 3 116 | 2 454 | 5 917 |
| EIB ⁽³⁾ | 4 146 | 5 007 | 5 641 | 6 678 | 6 967 | 8 844 | 11 507 | 12 605 | 14 438 | 16 140 | 17 724 |
| Total EC | 10 737 | 7 200 | 7 746 | 9 445 | 9 535 | 10 109 | 12 285 | 13 972 | 17 554 | 18 594 | 23 641 |

Note: The differences between total borrowing and lending by the Commission are due to borrowing operations undertaken for refinancing purposes and to changes in the balance of loans not assigned by the end of the year.

The differences between borrowing and lending by the EIB are due to the fact that EIB lending operations are financed both from borrowings and from the Bank's own resources.

(1) Mechanism for providing financial support for Member States and assistance for non-member countries.

(2) Total resources raised.

(3) Loans signed out of own resources, no account being taken of the guarantees provided by the EIB to promoters (ECU 52.5 million in 1990) or of operations financed out of NCI resources.

TABLE 2 : Community borrowings outstanding (at year-end) ⁽¹⁾⁽²⁾

(ECU million)

| | ECSC | EIB | Euratom | NCI | Sub-total | Balance-of-pay. borrowings | Total borrowing |
|---------------------|-------|--------|---------|-------|-----------|-------------------------------|--------------------|
| 1982 | 6 178 | 16 570 | 1 272 | 1 747 | 25 767 | 591 | 26 358 |
| 1983 | 6 539 | 20 749 | 1 680 | 3 269 | 32 237 | 4 610 | 36 847 |
| 1984 | 7 119 | 25 007 | 1 892 | 4 432 | 38 450 | 4 932 | 43 382 |
| 1985 | 7 034 | 26 736 | 2 013 | 4 960 | 40 743 | 3 236 | 43 979 |
| 1986 | 6 761 | 30 271 | 2 168 | 5 202 | 44 402 | 1 890 | 46 292 |
| 1987 | 6 689 | 31 957 | 2 500 | 5 229 | 46 375 | 2 997 | 49 372 |
| 1988 | 6 825 | 36 928 | 2 164 | 5 514 | 51 431 | 2 459 | 53 890 |
| 1989 ⁽³⁾ | 6 738 | 42 330 | 1 945 | 5 122 | 56 135 | 2 075 | 58 210 |
| 1990 | 6 673 | 48 459 | 1 687 | 4 542 | 61 361 | 2 045 ⁽⁴⁾ | 63 406 |
| 1991 | 7 139 | 58 893 | 1 563 | 3 817 | 71 412 | 3 516 | 74 928 |
| 1992 | 7 327 | 67 784 | 1 338 | 3 326 | 79 775 | 4 026 | 83 801 |
| 1993 | 7 331 | 78 661 | 1 018 | 2 202 | 89 212 | 5 204 | 94 416 |

(1) The conversion rates used were those obtained on 31 December of each year. As the majority of borrowings are denominated in national currencies, the difference between two year-ends reflects, on the one hand, changes in the valuation of the existing stock and, on the other, the net volume of borrowings during the year.

(2) Original amount of borrowings, plus or minus repayments of the principal cancellations, annulments and exchange-rate adjustments.

(3) As from 1989 including short term (new EIB approach).

(4) As from 1990 also includes balance of payments and financial assistance for non-member countries.

TABLE 3 : Community borrowings in 1993 by currency

(ECU million)

| | EIB | Euratom | ECSC | NCI | Balance of Payments ⁽¹⁾ | Total Borrowing | 1993 per cent | 1992 per cent |
|-----------|--------|---------|------|-----|---------------------------------------|--------------------|------------------|------------------|
| ECU | 960 | — | — | — | 4 969 | 5 929 | 29,5 | 20,1 |
| BFR | — | — | 12 | — | — | 12 | 0,1 | 1,6 |
| DM | 1 948 | — | 286 | — | — | 2 234 | 11,1 | 14,9 |
| ESC | 243 | — | — | — | — | 243 | 1,2 | 0,9 |
| FF | 1 811 | — | 389 | — | — | 2 200 | 10,9 | 9,6 |
| HFL | 227 | — | — | — | — | 227 | 1,1 | 1,9 |
| IRL | 125 | — | — | — | — | 125 | 0,6 | — |
| LFR | 100 | — | — | — | — | 100 | 0,5 | 0,3 |
| LIT | 2 039 | — | 59 | — | — | 2 098 | 10,4 | 10,7 |
| PTA | 1 241 | — | 1 | — | — | 1 242 | 6,2 | 4,2 |
| UKL | 2 639 | — | 71 | — | — | 2 710 | 13,5 | 10,3 |
| Sub-total | 11 333 | — | 818 | — | 4 969 | 17 120 | 85,2 | 74,6 |
| SFR | 453 | — | — | — | — | 453 | 2,3 | 6,0 |
| USD | 1 502 | — | 90 | — | — | 1 592 | 7,9 | 10,2 |
| YEN | 657 | — | — | — | — | 657 | 3,3 | 9,2 |
| CAD | 278 | — | — | — | — | 278 | — | — |
| Sub-total | 2 890 | — | 90 | — | — | 2 980 | 14,8 | 25,4 |
| TOTAL | 14 224 | — | 908 | — | 4 969 | 20 101 | 100,0 | 100,0 |

(1) Balance of payments and financial assistance for non-member countries.

(ECU million)

(1) Financing granted (individual loans and allocations from global loans)

TABLE 5: Financing in the Community by the EIB in 1993, by economic objective

(1) Including allocations on NCI global loans.

N.B. As some loans serve a number of purposes simultaneously, the amounts shown under the different headings cannot be aggregated.

(ECU million)

[illegible]

| TABLE 6 (continued) : Geographical breakdown of lending ⁽¹⁾ in the Community in 1992 and 1993 | | | | | | | | | | | | | | (ECU million) |
|--|-------|-------|---------|-------|---------|---------|-------|---------|-----|-------|---------|---------|-----------|---------------|
| 1993 | B | DK | D | GR | E | F | IRL | I | L | NL | P | UK | Art.18(2) | Total |
| Amount | 383,5 | 875,5 | 2 321,9 | 600,9 | 4 006,2 | 2 597,3 | 388,2 | 7 477,6 | 0,1 | 379,7 | 1 489,1 | 2 000,5 | 111,0 | 22 631,5 |
| % | 1,7 | 3,9 | 10,3 | 2,7 | 17,7 | 11,5 | 1,7 | 33,0 | 0,0 | 1,7 | 6,6 | 8,8 | 0,5 | 100,0 |
| of which: | | | | | | | | | | | | | | |
| ECSC | 11,9 | — | 225,3 | 89,8 | 1,1 | 391,8 | — | 126,6 | 0,1 | — | 0,3 | 71,4 | — | 918,3 |
| EIB | 371,6 | 875,5 | 2 096,6 | 511,1 | 4 005,1 | 2 205,5 | 388,2 | 3 362,0 | — | 379,7 | 1 488,8 | 1 929,1 | 111,0 | 17 724,2 |
| Euratom | — | — | — | — | — | — | — | — | — | — | — | — | — | — |
| NCI | — | — | — | — | — | — | — | — | — | — | — | — | — | — |
| Balance of payments | — | — | — | — | — | — | — | 3 989,0 | — | — | — | — | — | 3 989,0 |

(1) Loans granted

(2) Community projects that cannot be located in a particular Member State (e.g. telecommunication cables and satellites, North Sea oil)

| TABLE 7 : Interest subsidies paid out in the Community by the various Community mechanisms, 1977-1993 | | | | | | | (ECU million) |
|---|---------------------------------------|------------------------|------------------------|----------------------|-----------------------------------|------|---------------|
| Year | Non-discounted systems ⁽¹⁾ | | | | Discounted systems ⁽²⁾ | | |
| | ECSC Art.54 (restruct.) | ECSC Art.56 (convers.) | Employment in Portugal | Earthquake reconstr. | EMS | ERDF | |
| 1978 | 9,8 | 16,5 | — | — | — | — | — |
| 1979 | 10,4 | 8,0 | — | — | 200,0 | 12,1 | — |
| 1980 | 25,7 | 33,4 | — | — | 197,0 | — | — |
| 1981 | 7,6 | 6,3 | — | — | 193,2 | — | — |
| 1982 | 10,5 | 19,3 | — | 3,0 | 209,8 | — | — |
| 1983 | 4,0 | 7,1 | — | 14,4 | 200,0 | — | — |
| 1984 | 6,2 | 34,0 | — | 24,4 | — | — | — |
| 1985 | 3,6 | 74,9 | — | 28,4 | — | — | — |
| 1986 | 5,9 | 33,1 | — | 28,6 | — | — | — |
| 1987 | 2,4 | 35,6 | 4,0 | 28,6 | — | — | — |
| 1988 | 3,0 | 38,6 | 3,9 | 27,8 | — | — | — |
| 1989 | 2,6 | 42,5 | — | 26,6 | — | — | — |
| 1990 | 1,3 | 40,6 | — | 23,1 | — | — | — |
| 1991 | 1,0 | 48,6 | — | 20,1 | — | — | — |
| 1992 | 0,0 | 106,0 | — | 17,2 | — | — | — |
| 1993 | — | 114,3 | — | — | — | — | — |

(1) Interest subsidies spread over time and charged to the funds set aside for this purpose in the annual budgets.

(2) Interest subsidies paid by the Commission after discounting to a present value, and charged to the budget as a single sum in the initial year.

| TABLE 8 : Loans and financial assistance outside the Community in force or under negotiation at 31 March 1994 | | | | | | | (ECU million) |
|---|----------------------------|---|--|----------------------------------|---|------------|--------------------|
| Agreement | Duration | Loans from EIB own resources ⁽¹⁾ | Operations from budgetary res. | | Macro-financial assistance ⁽³⁾ | | Total |
| | | | Risk capital operations ⁽²⁾ | Non-repayable aid ⁽³⁾ | Granted | Dis-bursed | |
| ACP States-OCT | | | | | | | 12 165 |
| ACP | Fourth Lomé Convention | 1990-1995 | 1 200 | 825 | 9 975 ⁽⁴⁾ | | 12 000 |
| OCT | Council Decision | 1990-1995 | 25 | 25 | 115 ⁽⁴⁾ | | 165 |
| Mediterr.countries ⁽⁵⁾ | | | | | | | 5 918 |
| Turkey | Fourth Financial Protocol | | | | | | |
| | Not yet in force | 225 | | 50 | | | 600 ⁽⁶⁾ |
| Algeria | Fourth Financial Protocol | 1992-1996 | 280 | 18 | 52 | 400 | 750 |
| Morocco | " | " | 220 | 25 | 193 | | 438 |
| Tunisia | " | " | 168 | 15 | 101 | | 284 |
| Egypt | " | " | 310 | 16 | 242 | | 568 |
| Jordan | " | " | 80 | 2 | 44 | | 126 |
| Lebanon | Special reconstruction aid | | 50 | | | | 50 |
| " | Second financial protocol | | 34 | | | | 34 |
| " | Third financial protocol | | 53 | 1 | 19 | | 73 |
| " | Fourth financial protocol | 1992-1996 | 45 | 2 | 22 | | 69 |
| Syria | Third financial protocol | 1987-1991 | 110 | 2 | 34 | | 146 |
| " | Fourth financial protocol | 1992-1996 | 115 | 2 | 41 | | 158 |
| Israel | Fourth Financial Protocol | 1992-1996 | 82 | | | 160 | 242 |
| Occupied Territories ⁽⁷⁾ | Council Decision | 1994-1998 | 250 | | 250 | | 250 |
| | Not yet in force | | | | | | |
| Malta | Third Financial Protocol | 1998-1993 | 23 | 2,5 | 12,5 | | 38 |
| Cyprus | Third Financial Protocol | 1988-1993 | 44 | 5 | 13 | | 62 |
| "Non-protocol"horizontal financialcooperation | Council Decision | 1992-1996 | 1 800 | 25 | 205 ⁽⁸⁾ | | 2 030 |

TABLE 8 (continued) : Loans and financial assistance outside the Community in force or under negotiation at 31 March 1994 (ECU million)

| Agreement | Duration | Loans from EIB own resources (1) | Operations from budgetary res. | | Macro-financial assistance (3) | | Total |
|------------------------------------|--------------------|----------------------------------|--------------------------------|-----------------------|--------------------------------|-----------|-------|
| | | | Risk capital operations (2) | Non-repayable aid (3) | Granted | Disbursed | |
| CEEC | | | | | | | 5 740 |
| Council Decision | 1993–1996 | 3 000 | | | | | 3 000 |
| Poland, | | | | | | | – |
| Czech and Slovak rep., | | | | | 375 | 375 | 375 |
| Bulgaria | | | | | 400 | 290 | 400 |
| Baltic States | | | | | 220 | 110 | 220 |
| Hungary | | | | | 1 050 | 790 | 1 050 |
| Romania | | | | | 455 | 455 | 455 |
| Albania | | | | | 70 ⁽¹⁰⁾ | 70 | 70 |
| Slovenia | Financial protocol | 1993–1997 | 150 | 20 ⁽⁹⁾ | | | 170 |
| Former USSR | Council Decision | 1991 | | | 1 250 ⁽¹¹⁾ | 1 093 | 1 250 |
| Latin American and Asian countries | Council Decision | 1993–1996 | 750 | | | | 750 |

(1) Loans attracting interest subsidies from the European Development Fund in the case of projects in the ACP States and the OCT and from the general budget of the European Communities in the case of projects in certain Mediterranean countries. The necessary amounts for the interest subsidies are charged to non-repayable aid.

(2) Granted and managed by the EIB.

(3) Granted and managed by the Commission.

(4) Including amounts intended for interest subsidies on EIB loans.

(5) The amounts available under the previous financial protocols may be used at the same time, whether that involves all of the sums earmarked (Lebanon, Syria) or residual amounts.

(6) Including ECU 325 million of loans from budgetary resources on special conditions.

(7) West Bank and Gaza strip: loans from own resources are covered by the 'Non-protocol' horizontal financial cooperation.

(8) Including some ECU 100 million of interest subsidies for EIB loans in the environmental sector.

(9) Only for interest subsidies for EIB loans for projects of common interest.

(10) Non-repayable assistance (straight grant).

(11) Commercial credits.

B. THE COMMISSION'S REPORT TO THE COUNCIL AND TO PARLIAMENT

on the rate of utilization of the
New Community Instrument (NCI)
(half-year from 1 July 1993 to 31 December 1993)

1. Introduction

Council Decisions 83/200/EEC (Article 6) and 87/182/EEC (Article 8) on the financing of the NCI require the Commission to draw up a six-monthly report on the rate of utilization of the tranches of NCI III and IV.

The present report covers the period from 1 July 1993 to 31 December 1993.

2. Overall situation at 31 December 1993

The different legal bases determine the method of assessing the amount of loans signed in relation to the maximum authorized borrowing:

- (i) for NCI III, the volume of loans is lower than that of borrowings in order to take account of the currencies borrowed and the associated costs and expenses;
- (ii) for NCI IV, the ceiling applies to the loans signed.

At the end of 1993, the situation regarding the use of the tranches for which a six-monthly report has to be drawn up was as follows:

Use of NCI: situation at 31.12.1993

(ECU million)

| | Ceiling | Amounts used | Balance |
|---------|---------|--------------|--------------------|
| NCI III | 3 000 | 2 862 | 138 ^(*) |
| NCI IV | 750 | 693 | 57 |

(*) The special borrowing of ECU 100 million for European innovation projects has not yet been authorized by the Council.

The borrowing operations carried out in the six months under review for financing NCI activities are shown in Annex 2(B). No new issue was floated during the period under review.

3. Breakdown of loans by country and sector

The table below provides an overall view of loans signed, converted into "borrowing equivalents" at 31 December 1993. The loans in the various currencies have been converted into ecus at the exchange rate in force on the last working day of the quarter preceding the signing of the contract.

NCI IV is of interest because of its special features, such as the options of converting loans into risk capital, using loans to finance the purchase of intangible assets and deferring interest payments.

No loan transaction have been carried out since 1991.

| Distribution of loans signed by country at 31.12.1993 | | | | | | | ECU million |
|---|-------------------|--------|---------|----------------|--------------|---------|-------------|
| Country | NCI I | NCI II | NCI III | NCI IV | NCI Reconst. | Total | % |
| B | — | — | — | 23,6 | — | 23,6 | 0,4 |
| DK | 66,8 | 100,6 | 303,0 | 63,2 | — | 533,5 | 8,6 |
| GR | — | 114,9 | 111,2 | — | 80,0 | 306,1 | 4,9 |
| E | — | — | 69,2 | 132,0 | — | 201,2 | 3,2 |
| F | 70,0 | 125,0 | 938,7 | 72,3 | — | 1 206,0 | 19,4 |
| IRL | 239,0 | 116,6 | 68,4 | — | — | 424,0 | 6,8 |
| I | 479,9 | 473,4 | 1 228,5 | 285,7 | 598,7 | 3 066,3 | 49,3 |
| NL | — | — | 3,2 | — | — | 3,2 | 0,1 |
| P | — | — | 29,9 | 9,9 | — | 39,8 | 0,6 |
| UK | 134,8 | 67,0 | 109,3 | 105,7 | — | 417,0 | 6,7 |
| Total | 990,5 | 997,5 | 2 861,6 | 692,5 | 678,7 | 6 220,8 | 100,0 |
| Sector | Productive sector | | | Infrastructure | | Energy | Total |
| NCI III | 52,8 % | | | 26,5 % | | 20,7% | 100,0% |
| NCI IV | 100,0 % | | | | | | 100,0% |

Annex I

NCI IV LOANS

CEILING: ECU 750 MILLION ⁽¹⁾ – (Situation at 31.12.1993)

| Ref. | Project description | Date of contract | ECU million ⁽²⁾ | Breakdown by country ⁽²⁾ | | | | | | |
|--------|--|------------------|----------------------------|-------------------------------------|-------|--------|-------|--------|------|--------|
| | | | | B | DK | E | F | I | P | UK |
| | I. LOANS SIGNED | | | | | | | | | |
| 64/87 | FIH (Small Business) PG-VI/A | 15.09.87 | 31,80 | | 31,80 | | | | | |
| 64/87 | FIH (Small Business) PG-VI/B | 24.05.88 | 31,43 | | 31,43 | | | | | |
| 68/87 | BNL – PMI V/A | 12.10.87 | 18,68 | | | | | 18,68 | | |
| 68/87 | BNL – PMI V/B | 12.10.87 | 8,01 | | | | | 8,01 | | |
| 69/87 | IMI – PMI V/A | 31.07.87 | 37,29 | | | | | 37,29 | | |
| 69/87 | IMI – PMI V/B | 31.07.87 | 15,98 | | | | | 15,98 | | |
| 70/87 | MEDIOCR. CENTR. – PMI IV/A | 15.09.87 | 6,19 | | | | | 6,19 | | |
| 70/87 | MEDIOCR. CENTR. – PMI IV/B | 10.12.87 | 5,88 | | | | | 5,88 | | |
| 70/87 | MEDIOCR. CENTR. – PMI IV/C | 03.02.88 | 4,81 | | | | | 4,81 | | |
| 70/87 | MEDIOCR. CENTR. – PMI IV/D | 16.03.88 | 3,27 | | | | | 3,27 | | |
| 70/87 | MEDIOCR. CENTR. – PMI IV/E | 23.06.88 | 18,98 | | | | | 18,98 | | |
| 71/87 | INTERBANCA – PMI IV/A | 07.10.87 | 9,34 | | | | | 9,34 | | |
| 71/87 | INTERBANCA – PMI IV/B | 07.10.87 | 4,00 | | | | | 4,00 | | |
| 73/87 | BPI – PG V | 22.07.87 | 9,91 | | | | | | 9,91 | |
| 105/87 | CENTROBANCA – PMI IV/A | 11.12.87 | 9,34 | | | | | 9,34 | | |
| 105/87 | CENTROBANCA – PMI IV/B | 11.12.87 | 4,00 | | | | | 4,00 | | |
| 106/87 | SAN PAOLO Agroindustria II | 05.11.87 | 13,34 | | | | | 13,34 | | |
| 107/87 | CREDIOP – PMI I/A | 18.12.87 | 4,67 | | | | | 4,67 | | |
| 107/87 | CREDIOP – PMI I/B | 18.12.87 | 2,00 | | | | | 2,00 | | |
| 108/87 | BANCO DI NAPOLI – PMI A | 18.12.87 | 4,60 | | | | | 4,60 | | |
| 108/87 | BANCO DI NAPOLI – PMI B | 18.12.87 | 1,97 | | | | | 1,97 | | |
| 110/87 | B° DE SANT ANDER – PYME | 24.07.87 | 20,19 | | | 20,19 | | | | |
| 121/87 | B° DE BILBAO – PYME | 23.07.87 | 31,64 | | | 31,64 | | | | |
| 148/87 | EFIBANCA – PMI IV/A | 17.12.87 | 4,67 | | | | | 4,67 | | |
| 148/87 | EFIBANCA – PMI IV/B | 17.12.87 | 2,00 | | | | | 2,00 | | |
| 148/87 | EFIBANCA – PMI IV/C | 24.06.88 | 4,55 | | | | | 4,55 | | |
| 148/87 | EFIBANCA – PMI IV/D | 24.06.88 | 1,95 | | | | | 1,95 | | |
| 206/87 | B° DE VIZCAYA – PYME A | 17.12.87 | 9,37 | | | 9,37 | | | | |
| 206/87 | B° DE VIZCAYA – PYME B | 30.11.88 | 8,60 | | | 8,60 | | | | |
| 207/87 | B° ESPANOL DE CREDITO – PYME A | 18.12.87 | 12,04 | | | 12,04 | | | | |
| 207/87 | B° ESPANOL DE CREDITO – PYME B | 18.11.88 | 10,94 | | | 10,94 | | | | |
| 231/87 | CREDIT NATIONAL – PMI III | 05.02.88 | 20,00 | | | | 20,00 | | | |
| 64/88 | INVESTORS IN INDUSTRY – GROUPED LOAN V | 28.12.88 | 30,54 | | | | | | | 30,54 |
| 101/88 | EFIBANCA – PMI V/A | 05.10.88 | 4,53 | | | | | 4,53 | | |
| 101/88 | EFIBANCA – PMI V/B | 05.10.88 | 1,94 | | | | | 1,94 | | |
| 101/88 | EFIBANCA – PMI V/C | 16.01.89 | 4,57 | | | | | 4,57 | | |
| 101/88 | EFIBANCA – PMI V/D | 16.01.89 | 1,96 | | | | | 1,96 | | |
| 103/88 | MEDIOCR. LOMBARDO – PMI A | 10.10.88 | 6,79 | | | | | 6,79 | | |
| 103/88 | MEDIOCR. LOMBARDO – PMI B | 10.10.88 | 2,91 | | | | | 2,91 | | |
| 103/88 | MEDIOCR. LOMBARDO – PMI C | 06.02.89 | 9,14 | | | | | 9,14 | | |
| 103/88 | MEDIOCR. LOMBARDO – PMI D | 06.02.89 | 3,92 | | | | | 3,92 | | |
| 109/88 | BARCLAYS BANK II GL | 21.12.88 | 45,81 | | | | | | | 45,81 |
| 128/88 | CENTROBANCA – PMI V/A | 19.12.88 | 13,23 | | | | | 13,23 | | |
| 128/88 | CENTROBANCA – PMI V/B | 19.12.88 | 5,67 | | | | | 5,67 | | |
| 135/88 | CREDIOP – PMI II/A | 09.12.88 | 4,53 | | | | | 4,53 | | |
| 135/88 | CREDIOP – PMI II/B | 09.12.88 | 1,94 | | | | | 1,94 | | |
| 185/88 | BANCO DI SICILIA – PMI II/A | 25.05.89 | 4,58 | | | | | 4,58 | | |
| 185/88 | BANCO DI SICILIA – PMI II/B | 25.05.89 | 1,96 | | | | | 1,96 | | |
| 199/88 | CREDIT INDUSTRIEL ET COMM. | 29.11.88 | 52,32 | | | | 52,32 | | | |
| 237/88 | IMI – PMI VI/A | 19.12.88 | 9,06 | | | | | 9,06 | | |
| 237/88 | IMI – PMI VI/B | 19.12.88 | 3,88 | | | | | 3,88 | | |
| 237/88 | IMI – PMI VI/C | 06.02.89 | 13,72 | | | | | 13,72 | | |
| 237/88 | IMI – PMI VI/D | 06.02.89 | 5,88 | | | | | 5,88 | | |
| 175/89 | BARCLAYS BANK III/A | 30.11.89 | 29,38 | | | | | | | |
| 119/90 | KREDIETBANK N.V. –GL | 20.12.90 | 18,04 | 18,04 | | | | | | 29,38 |
| 119/90 | KREDIETBANK N.V. –GL | 20.12.90 | 5,54 | 5,54 | | | | | | |
| 48/91 | B° ESPANOL DE CREDITO PG PY | 28.05.91 | 39,19 | | | 39,19 | | | | |
| | TOTAL I | | 692,45 | 23,58 | 63,22 | 131,97 | 72,32 | 285,73 | 9,91 | 105,72 |
| | II. LOANS APPROVED, AWAITING SIGNATURE | | 30,10 | | | | | | | |
| | BALANCE | | 27,45 | | | | | | | |
| | CEILING | | 750,00 | | | | | | | |

⁽¹⁾ JO L^o 271 of 14.03.1987 (loans ceiling).

⁽²⁾ Conversion rates are those obtained on the last working day of the quarter preceding the signing of each loan.

Annex 2

NCI BORROWING, BY CURRENCY

A.-Debt outstanding at 31.12.1993 ⁽¹⁾

| Currency | (million) | Equivalent in MECU ⁽²⁾ |
|----------|-----------|-----------------------------------|
| ECU | 452,5 | 452,5 |
| BFR | 1 125,0 | 27,9 |
| DM | 539,6 | 278,7 |
| FF | 2 100,0 | 319,3 |
| HFL | 738,9 | 341,2 |
| LFR | 2 600,0 | 64,5 |
| LIT | 100 000,0 | 52,4 |
| PTA | 10 000,0 | 639,0 |
| UKL | 63,2 | 83,6 |
| CAD | — | — |
| SFR | 292,0 | 176,7 |
| USD | 376,4 | 337,3 |
| YEN | 660,4 | 5,3 |
| Total | | 2 778,4 |

B.-New operations: 1.07.1993 – 31.12.1993

Equivalent in MECU ⁽³⁾

| Date of issue | Duration (years) | Coupon (%) | Currency (million) | Fresh capital ⁽¹⁾ | Refinancings |
|---------------|------------------|------------|--------------------|------------------------------|--------------|
| — | — | — | — | — | — |

(1) Excluding refinancing operations, designed to reduced the cost of servicing existing debt initially contracted at higher interest rates.

(2) Exchange rates as at 31.12.1993.

(3) Exchange rates at signature.

A Principal economic policy measures – August/September 1994

Community (EUR-12)

19.9 Under the excessive deficit procedure the EcoFin Council accepted the Commission's view that 10 Member States did not, at this point, comply with the budget and public debt convergence criteria. Only Luxembourg and Ireland presently fulfil the latter criteria.

19.9 Revised convergence programmes presented by Ireland and Greece were examined by the EcoFin Council.

Belgium (B)

None.

Denmark (DK)

None.

Germany (D)

None.

Greece (GR)

28.9 The Bank of Greece lowers its key interest rates: the rediscount rate down by 100 basis points to 21.50%, the Lombard rate down by 150 basis points to 25% and the overdraft rate down by 300 basis points to 30%.

Spain (E)

3.8 The Bank of Spain cuts the key interest rate by 0.15 of a percentage point to 7.35%.

15.9 Three-year wage agreement between the government and trade unions ensures that civil servants' wages will grow in line with inflation in 1995–97, subject to economic developments being compatible with the convergence programme scenario.

17.9 Agreement between the government and the UGT trade union guarantees that pensions will increase in line with inflation in 1994–97.

28.9 In order to stimulate demand for industrial vehicles, the Spanish government is to grant a subsidy of PTA 98 193 per PTA million spent on these types of vehicle by households and SMEs.

30.9 The Spanish government presents the draft 1995 central government budget to parliament for approval. As compared with 1994, expenditure will grow by 4.7% and revenues by 7.1%. As a result, the central government deficit will fall to 4.6% of GDP.

30.9 The Spanish parliament approves the electricity sector law providing for separation of production and distribution activities and separate accounting for electricity and non-electricity business.

France (F)

21.9 The 1995 budget is adopted by the Council of Ministers. The central government deficit will be reduced to 3.6% of GDP from 4.1% this year, with the general government deficit falling to 4.6% of GDP from 5.3%. Employment will be the major priority: in particular, FF 17.5 billion (compared to FF 9 billion in 1994) will go towards reducing employers' social security contributions in respect of those on low wages.

Ireland (IRL)

None.

Italy (I)

12.8 The Bank of Italy raises its discount and Lombard rates by 50 basis points to 7.5% and 8% respectively.

Luxembourg (L)

None.

Netherlands (NL)

None.

Portugal (P)

19.9 The Bank of Portugal cuts its intervention rate from 12% to 11.5% and the rate for drawing off liquidity from 9.25% to 8.75%. It also announces that, with effect from 1 November 1994, the non-remunerated statutory reserves ratio will be reduced from 17% to 2%. To counterbalance that, the Bank is to issue bonds with maturities of up to 13 years in order to absorb potential excess liquidity.

24.9 The main Plan options for 1995 are presented by the government. The macroeconomic objectives are: a rate of growth of GDP of between 2.5% and 3.5% and an inflation rate of between 3.5% and 4.5%; a marked upturn in economic activity is expected next year based on a sharp expansion of exports (10% in volume terms) and, to a lesser extent, of investment. Central government investment will have to rise by roughly 15% in nominal terms.

United Kingdom (UK)

12.9 Bank of England raises minimum lending rate by 0.5% to 5.75%.

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